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The Imperial Life Assurance Company of Canada

Annual Report for the year 1976



Colour Coat, the painting reproduced on the front cover, is by Jack Bush and is in Imperial Life's collection of contemporary Canadian art. Mr. Bush was born in Toronto and studied in Toronto and Montreal. He was a founding member of Painters Eleven. He had one-man exhibitions in Montreal, New York, Boston, at the Art Gallery of Ontario and, most recently, at the Art Gallery of Edmonton. Mr. Bush was an officer of the Order of Canada. He died in January, 1977.

The Imperial Life Assurance Company of Canada



Annual Report of the Directors

Your Directors have pleasure in submitting their Report for the year ended December 31, 1976.

New Business

The volume of new life insurance and annuity business sold in 1976 amounted to \$1,057,614,000 making it the Company's first billion dollar year. This included a new record of \$738,584,000 on individual lives and \$319,030,000 from group life insurance and annuities. New business on individual lives (including health insurance) produced yearly premiums of \$16,759,000 and single premiums of \$18,172,000. New group insurance produced premiums of \$6,814,000. In total the new premiums written in 1976 exceeded the amount written in the preceding year by 72%.

Business in Force

The volume of business in force increased during the year by \$604,000,000 and the year ended with \$6,003,198,000 of life insurance in force, including \$2,444,644,000 of group life insurance and annuities. Health insurance contracts in force at the end of the year had yearly premiums of \$16,371,000.

Income

Premium income amounted to \$132,705,000 and net interest, dividends and rents to \$43,949,000 after deduction of all investment expenses.

Benefit Payments

Payments to policyholders and beneficiaries during 1976 aggregated \$80,988,000, including death claims amounting to \$18,520,000 and \$10,069,000 in dividends to holders of participating policies.

Assets

The book value of the assets of the Company and its subsidiary companies amounted to \$756,896,000. The net rate of interest earned in 1976 on the life and health assets of all areas combined was 7.57% before taxes on Canadian investment income.

Insurance and Annuity Liabilities

The total of the reserves for insurance and annuity liabilities, including reserves for segregated investment funds is \$587,999,000 which is greater than governmental requirements.

Medical Inns of Canada Limited

The bankrupt estate of Medical Inns of Canada Limited has been substantially liquidated, and the distribution received indicates that our previous provision for loss in 1974 was adequate.

Earnings Per Share

Consolidated earnings per share are based on the net income (including net realized capital gains) of the shareholders' account, of the non-participating life insurance business, of the health insurance business and the appropriate portion of the net income of subsidiary companies. These earnings may fluctuate widely as they are greatly influenced by the rates of mortality and morbidity and by the level of net realized capital gains. The consolidated earnings per share amounted to \$4.65 compared to \$7.34 in 1975.

The Directors wish to express their thanks to members of the Company for their substantial contribution to the progress achieved in 1976.

Toronto, Canada
February 16, 1977

On behalf of the Board,
A. ROSS POYNTZ
Chairman of the Board

Board of Directors

A. ROSS POYNTZ, F.C.I.A.
Chairman of the Board

G. KINGSLEY FOX, F.C.I.A. —
President

PAUL DESMARAIS
Vice-President and Chairman of the
Executive Committee of the Board

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Toronto

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Quebec

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DONALD J. WILKINS
Toronto

A Review of 1976 — Our 79th Year

New Business

The volume of new life insurance and annuity business written in 1976 amounted to \$1,057,600,000, the first "billion dollar year" in the Company's history. Included in this amount was \$738,600,000 on individual lives and \$319,000,000 of group life insurance and annuities.

New business on individual lives produced yearly premiums of \$16,800,000, an increase of 33% over 1975, and single premiums of \$18,200,000. Group insurance sales were 25% higher than in 1975 and accounted for \$6,800,000 of new premiums—a record year. The total of new premiums from all sources for the year was 72% higher than the 1975 total.

Total life insurance in force passed the \$6,000,000,000 mark. As a result of a gain of \$604,000,000 for the year, the total insurance protection provided by the Company at the end of 1976 was \$6,003,200,000. Health insurance contracts in force at the end of the year had yearly premiums of \$16,400,000, a gain of 6% in the year.

Increasing interest in policies designed to provide income at retirement was indicated in the sales pattern—particularly flexible premium plans under which the policyholder can decide each year the amount he or she wishes to deposit. In addition, premiums for employee pension plans were up 97%.

Sales of group life insurance were particularly strong in the U.S.A. For the Company as a whole, premiums from new group life sales showed an increase of 24% over 1975.

The total number of individual policies sold in the year exceeded 40,000 for the first time, 1,695 more than in 1975.

The size of the sales organization is a key factor in the continuing growth of the Company. Forty-two of the Company's branches showed gains in the size of their sales staffs in 1976. At the end of 1976, the full-time sales force

totalled 745. The career opportunities in life insurance selling are attracting an increasing number of women.

Income and Benefits

(Note—To recognize the significant decline in the exchange value of sterling, the Company, at the start of 1976, reduced the translation rate of sterling currency items from \$2.34 to \$2.00 to the pound. A further reduction to \$1.70 was made January 1, 1977. Because of the difference in rates, detailed results are not directly comparable.)

The total revenue in the life and health accounts in 1976 was \$162,400,000. In addition, there was a net increase of \$26,200,000 in the value of the Company's segregated investment funds. Combining these results, the consolidated income for the year was \$189,000,000.

Payments to policyholders and beneficiaries during 1976 increased moderately, to \$81,000,000. Mortality experience was somewhat less favourable than in recent years and death claims totalled \$18,500,000. Health claims decreased slightly, to \$11,000,000. Because of the increasing number of annuity plans on the Company's books, annuity payments rose substantially, to \$5,200,000.

Surrender values paid or credited to policyholders in the year showed a marked increase, to \$31,200,000. A significant portion of these termination benefits was applied to purchase annuities and other retirement contracts issued by the Company.

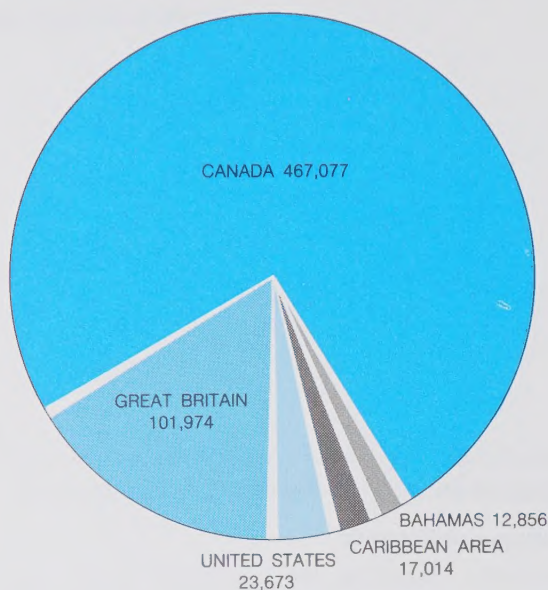
Dividends to policyholders amounted to \$10,100,000. This figure is virtually unchanged from 1975.

Investments

The forces of inflation moderated during 1976. However, the pace of recovery in world economies proved to be slower and more erratic than had been anticipated. Volatile political and exchange rate conditions were prevalent

Distribution of Assets by Geographic Area (General Funds)

IN MILLIONS OF DOLLARS



in many parts of the world and tended to play a major role in the fiscal and monetary policies of many governments.

As the year progressed, investment markets responded to the lower rate of anticipated inflation with considerable improvement in the fixed interest sectors. Equity markets, on the other hand, were generally hesitant and cautious in the face of less than vigorous economic expansion.

The demand for policy loans continued at a moderate level. New loans to policyholders of \$11,400,000 resulted in a net increase in loan balances of less than \$2,200,000. As a result of the low level of cash demands and the strong growth in premium and investment income, there was a substantial improvement in cash flow for investment.

Funds available for new discretionary investments totalled \$84,400,000, with \$67,400,000 in general funds of the Company and \$17,000,000 in segregated funds.

Mortgages absorbed a very large portion of these funds, with more than \$50,900,000 being committed for new loans, and disbursements reaching \$37,500,000. The Company continued to recognize the needs of the residential housing market, and in its regular mortgage activity, almost 64% of the year's commitments were made in this field. Special attention was paid to financing lower-priced housing and more than 52% of the regular residential lending activity was done through various government-insured housing schemes throughout Canada and the Bahamas. As part of the planned expansion of Canadian mortgage operations into more of the areas in which Imperial Life obtains its premium income, 750 loans were committed in 35 different cities covering all provinces and including 12 communities where the Company was lend-

ing for the first time. During 1976, mortgages in general funds increased by \$22,400,000 while mortgages in segregated funds rose by \$3,900,000.

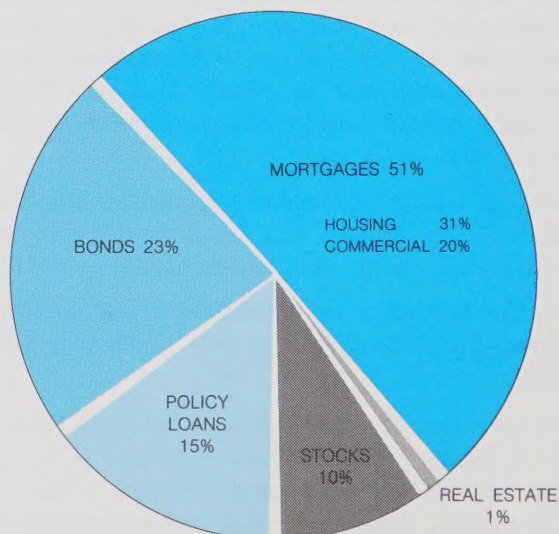
For much of the year, stock markets in Canada and Great Britain were unpopular with investors and the Company recognized the longer term opportunities thus available by adding some \$7,500,000 net to its equity holdings in stocks. In all funds, stock trading amounted to \$46,000,000.

With reduced inflationary expectations, bonds returned to favour in many markets and net bond investment in general funds increased by some \$7,600,000, in a fairly active trading year which saw transactions total \$88,000,000.

After significant restructuring of both Canadian and British property holdings in recent years, activity was relatively light in 1976. In Great Britain, less than £500,000 was invested directly while the wholly-owned subsidiary, Impco Properties G.B. Limited, continued its planned disposal program with net sales of £600,000. The first of the two Essex Street, London, office projects was completed and leased and the other is currently on the letting market. In Canada, the Company's subsidiary, Impco Properties Limited, acquired \$2,700,000 of new properties.

Castlemere Properties Limited, the jointly-owned property development company in Great Britain, had a very active and prosperous year with several major projects, including an office development in Edinburgh and the acquisition of a public property company, Abercorn General Investments Limited.

Distribution of New Investments — 1976 (General Funds)



The assets of the bankrupt estate of Medical Inns were sold during the year and a significant recovery of funds was realized, resulting in an improvement in investment revenue during 1976.

The growth of Imperial Life's consolidated assets absorbed the write-down of sterling values and showed a further increase of \$43,300,000 to a total of \$756,900,000. This figure includes \$110,000,000, representing the value of the segregated funds managed by the Company.

The Company's net investment income in its general funds was substantially increased during the year. The net investment yield, after expenses, for the life and health account, was 7.57%, an increase of .20 over 1975.

Net Income

The consolidated net income for the year, after taxes, was \$1,208,000. This is a substantial improvement over the result in 1975 in which a loss of \$333,000 was reported for the year.

Earnings per Share

The net income in the non-participating account and in the shareholders' account amounted to \$929,000 or \$4.65 per share. This is lower than the 1975 earnings of \$7.34

Our Most Important Assets

During the year, substantial investments were made in our most important assets—the hundreds of Imperial Life people in six countries, who serve our policyholders, annuitants and other clients.

Increased emphasis was given to human resources planning and development. This took many forms. In a unique project, nearly 50 Officers from Canada and Great Britain participated in a two-week management training seminar. The faculty was drawn from some of the leading business management experts of a number of North American universities.

During the year, ten more Company members completed courses qualifying them for the Chartered Life Underwriter designation (C.L.U.) and seven more earned Fellowship in the Life Office Management Association (F.L.M.I.).

Both courses usually take a minimum of three years of study outside normal working hours. Over 350 Company associates are currently enrolled in these courses. In Great Britain, there are 29 participating in courses of the Chartered Insurance Institute and other industry-related courses.

per share and reflects higher mortality rates and the increased acquisition costs associated with the substantial rise in new sales that occurred in 1976.

Administration

Conversion of group life and health policies to the computerized system which has been under development for the last few years, was successfully completed in 1976. This is enabling the Company to provide improved service for group policyholders while also improving the efficiency and economy of operations.

The Company's salary administration policy in Canada and Great Britain has been modified slightly in accordance with the government anti-inflation requirements, while, at the same time, a system has been maintained to recognize performance.

New systems for measuring cost and profit have been launched which will improve the Company's ability to analyse cost components and to establish a more effective, computerized budgeting procedure. Considerable work in the area of planning has been completed to develop simple models for projecting results—a useful tool for management in anticipating the impact of a number of alternative courses of actions.

Others participated in such courses of professional development as the actuarial sciences, accounting and health insurance underwriting.

Canadian and U.S.A. agents, and in some cases members of their families, participated in a number of weekend seminars dealing with personal development and attitudes.

A number of courses on such subjects as professional selling skills were provided.

The Company's own syllabus of courses for field and office staffs, conducted by staff training personnel, was expanded and attracted wide participation. For those with special qualifications, there was a conference on tax and estate planning.

Opportunities to participate in a professionally directed physical fitness program were made available for many staff members through the facilities of the Company's wholly-owned subsidiary, Impco Health Screening Limited.

All of this extensive educational and personal development program is designed to equip staff members for greater responsibility and to provide constantly improving service for the Company's clients.

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA
(Incorporated under the laws of Canada)

Consolidated Balance Sheet as at December 31, 1976

ASSETS

	1976	1975	
	(thousands of dollars)		
Bonds and debentures—at amortized cost (Note 2(ii)):			
Government - - - - -	\$77,499	\$68,522	
Municipal - - - - -	6,885	8,050	
Corporate - - - - -	<u>72,554</u>	<u>85,948</u>	\$162,520
Preferred and common stocks— at cost (Note 2(ii)) - - - - -	84,842		79,223
Mortgages on real estate—at amortized cost - - - - -	262,919		240,698
Loans to policyholders, fully secured by the cash value of policies of this Company - - -	44,827		44,112
Real Estate (Note 4):			
Properties under development—at cost - - -	1,286	834	
Properties held for investment—at cost - - -	52,948	52,874	
Home Office and branch office premises—at cost - -	<u>15,461</u>	<u>16,599</u>	
	69,695	70,307	
Less accumulated depreciation - - - - -	<u>8,982</u>	<u>8,721</u>	61,586
Segregated investment funds' assets—at market value (Note 5) - - - - -	109,972		94,778
Cash and certificates of deposit - -	18,247		12,871
Premiums in course of collection -	6,159		6,739
Accrued investment income - - -	6,899		6,304
Other assets - - - - -	<u>5,380</u>	<u>4,764</u>	
	<u>\$756,896</u>	<u>\$713,595</u>	

On behalf of the Board

A. ROSS POYNTZ, *Chairman of the Board*

G. KINGSLEY FOX, *President*



LIABILITIES

	1976	1975
	(thousands of dollars)	
Present value of liabilities under assurance and annuity contracts (Note 6) - - - - -	\$478,027	\$451,335
Policy proceeds, dividends and other amounts on deposit - -	38,319	37,804
Present value of liabilities under Company retirement funds (Note 7) - - - - -	25,180	23,944
Segregated investment funds' liabilities to policyholders - -	109,972	94,778
Provision for dividends to policyholders - - - - -	9,915	10,084
Policy claims in course of settlement and provision for unreported claims - - - - -	16,420	15,830
Bank loans and notes payable on real estate investments - -	9,113	9,441
Mortgages on real estate investments - - - - -	5,056	2,442
Income and premium taxes - - - - -	1,635	1,104
Other liabilities and provisions - - - - -	9,673	13,735
	<u>703,310</u>	<u>660,497</u>

CAPITAL STOCK AND RETAINED EARNINGS

Capital Stock

Authorized—200,000 shares of \$5 par value		
Issued—200,000 shares - - - - -	1,000	1,000
Shareholders' retained earnings - - - - -	3,057	2,754
Asset valuation reserve (Note 2 (ii) and (iv)) - - - - -	14,125	14,125
Retained earnings primarily for the protection of policyholders - - - - -	35,404	35,219
	<u>53,586</u>	<u>53,098</u>
	<u>\$756,896</u>	<u>\$713,595</u>

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

Consolidated Statement of Income for the year ended December 31, 1976

	1976	1975
	(thousands of dollars)	
INCOME		
Premiums (Note 8) - - - - -	\$132,705	\$110,106
Interest, dividends and rents after deduction of investment expenses (Note 9) - - - - -	43,949	41,066
Net realized capital gains - - - - -	1,476	618
Interest and dividends from segregated investment funds - - - - -	7,772	6,720
Net realized and unrealized capital gains on assets of segregated investment funds - -	2,647	7,411
Currency translation gain - - - - -	439	—
	<u>188,988</u>	<u>165,921</u>
THIS INCOME WAS USED FOR		
Death claims - - - - -	18,520	16,836
Disability and health insurance claims - - - - -	10,961	11,037
Matured endowments - - - - -	5,056	5,625
Annuity benefits - - - - -	5,179	4,257
Surrender value benefits - - - - -	31,203	21,047
Additions to funds held for future payments to policyholders - - - - -	38,795	27,479
Additions to segregated investment funds - - - - -	17,806	24,995
Amounts credited to funds on deposit and Company retirement funds - - - - -	4,324	4,052
Commissions, branch office, agency and operating expenses - - - - -	44,242	38,973
	<u>176,086</u>	<u>154,301</u>
OPERATING INCOME - - - - -	12,902	11,620
Dividends to policyholders - - - - -	10,069	10,061
INCOME BEFORE TAXES - - - - -	2,833	1,559
Income and premium taxes - - - - -	2,125	1,500
INCOME AFTER TAXES - - - - -	708	59
Add:		
Recovery of prior years' taxes - - - - -	\$ 500	\$ —
Goodwill on acquisition of Great Britain property investment companies - - - - -	— 500	(392) (392)
NET INCOME (LOSS)		
Non-participating account - - - - -	(94)	449
Shareholders' account - - - - -	1,023	1,020
*Non-participating and shareholders' account - - - - -	929	1,469
Participating life account - - - - -	279	(1,802)
	<u>\$ 1,208</u>	<u>\$ (333)</u>
*Consolidated earnings per share (basis 200,000 shares) - - - - -	<u>\$ 4.65</u>	<u>\$ 7.34</u>

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

Consolidated Statement of Retained Earnings *for the year ended December 31, 1976* (thousands of dollars)

	Appropriated	Unappropriated			Share- holders
	Asset Valuation Reserve	Partici- pating	Non-Parti- cipating	Total	
Retained earnings, beginning of year - - -	\$14,125	\$26,910	\$8,309	\$35,219	\$2,754
Net income (loss) for the year - - - - -		279	(94)	185	1,023
Dividends to shareholders - - - - -					(720)
Retained earnings, end of year - - - - -	\$14,125	\$27,189	\$8,215	\$35,404	\$3,057

Auditors' Report

To the Policyholders and Shareholders of
The Imperial Life Assurance Company of Canada

We have examined the consolidated balance sheet of The Imperial Life Assurance Company of Canada as at December 31, 1976 and the consolidated statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances; the liabilities under assurance, annuity and Company retirement fund contracts were determined and certified by the Company's Actuary.

In our opinion, based on our examination and the certificate of the Actuary, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1976 and the results of its operations for the year then ended in accordance with accounting principles prescribed or accepted by the Department of Insurance of Canada applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 9, 1977

THORNE RIDDELL & CO.
Chartered Accountants

Notes to Consolidated Financial Statements December 31, 1976

1. PRINCIPLES OF CONSOLIDATION

The Company follows the policy of consolidating the accounts of its subsidiary companies in the financial statements. It holds 100% voting equity in all consolidated subsidiaries.

<u>name of subsidiary</u>	<u>location</u>	<u>nature of business</u>
Impco Health Screening Limited	Canada	medical examination service and physical fitness centre
Impco Properties Limited	Canada	property investments
Impco Properties G.B. Limited	Great Britain	property investments
The Invicta Investment Company Limited	Great Britain	property investments
East Layne (Maidstone) Limited	Great Britain	property investments

2. ACCOUNTING POLICIES

- (i) The accompanying financial statements have been prepared in accordance with the requirements of the Department of Insurance of Canada, which basis is used for reporting in annual statements filed with the Department. The Department's requirements emphasize liquidity and solvency, and accordingly provide that:
- (a) certain assets, such as office furniture and other non-admitted assets, are expensed in the year acquired;
 - (b) the costs of acquiring new business are expensed in the year incurred;
 - (c) the income tax charge against operations and the related liability are determined using the "taxes payable" method.
- (ii) Bonds are recorded on the books of the Company at amortized cost or cost and stocks are recorded at cost. The asset valuation reserve of \$14,125,000 was established out of retained earnings to provide for market and currency fluctuations in these values. The bonds and stocks, less the asset valuation reserve, are in the aggregate recorded at values less than those authorized by sections 71(3) and (4) of the Canadian and British Insurance Companies Act.

		1976		1975	
		<u>amortized cost/ cost values</u>	<u>authorized values</u>	<u>amortized cost/ cost values</u>	<u>authorized values</u>
bonds	- - - - -	\$156,938,000	\$138,025,000	\$162,520,000	\$134,696,000
stocks	- - - - -	84,842,000	89,956,000	79,223,000	81,135,000
		<u>\$241,780,000</u>	<u>\$227,981,000</u>	<u>\$241,743,000</u>	<u>\$215,831,000</u>

- (iii) The following book rates were utilized for the translation of foreign currency amounts to Canadian dollars:

		1976	1975			1976	1975
Great Britain pound	- - -	\$2.00	\$2.34	Bermudian dollar	- - -	\$1.00	\$1.00
Jamaican dollar	- - -	1.10	1.10	Cuban peso	- - -	1.00	1.00
United States dollar	- - -	1.00	1.00	British Honduras dollar	- -	.50	.50
Bahamian dollar	- - -	1.00	1.00	Trinidad and Tobago dollar	-	.50	.50

Effective with 1977 accounting, the book translation rate has been changed for the Great Britain pound to \$1.70, British Honduras dollar to \$.45 and the Trinidad and Tobago dollar to \$.45. The resulting book gain in 1977 on currency translation, as a result of using more appropriate translation rates, is \$236,000. Assets translated into equivalent Canadian dollars at the new rates will be \$19,019,000 less than at the former rate and liabilities will be \$19,255,000 less than at the former rate.

- (iv) The asset valuation reserve is maintained to cover both fluctuations in currency translation rates and the excess of book values of bonds and stocks over authorized values.

3. INTERNAL CONTROL

The Company has an internal audit and branch inspection staff resident in Canada and Great Britain who carry out cyclical examinations of Company operations and control procedures. The Audit Committee of the Board of Directors is composed of outside directors who receive quarterly reports of completed branch inspections and audit assignments. Their terms of reference are such that they may make all necessary enquiries of the staff or external auditors to satisfy themselves that control procedures are adequate in the circumstances. The Audit Committee reviews the consolidated statements and management letter with the external auditors and Executive Officers of the Company and makes its report thereon to the full Board of Directors.

4. REAL ESTATE

Properties held for investment and home and branch office premises are depreciated on a straight-line basis ranging from 1½% to 2½% per annum.

The Canadian property investment subsidiary calculates depreciation on buildings on the sinking fund method using a 5% factor. Depreciation on completed buildings is recorded at a rate sufficient to write these assets off over their anticipated useful life, office buildings 50 years, industrial buildings 40 years.

Depreciation is not recorded on properties under development or in the British property investment companies.

5. SEGREGATED FUNDS

The liability to policyholders equals the net assets in each fund. The Consolidated Statement of Income includes all operating transactions of the segregated funds. The net assets of each fund amount to:

	1976	1975
group contract funds		
Bond - - - - -	\$ 4,626,000	\$ 3,413,000
Equity - - - - -	10,846,000	10,846,000
Mortgage - - - - -	27,068,000	27,068,000
Diversified - - - - -	20,079,000	19,908,000
Segregated employer funds - - - - -	24,637,000	19,600,000
individual contract funds		
Great Britain Growth - - - - -	13,313,000	15,801,000
Great Britain Pension Growth - - - - -	5,010,000	4,347,000
Impco Growth - - - - -	1,025,000	1,240,000
Impco Retirement Growth - - - - -	3,368,000	3,341,000
	<u>\$109,972,000</u>	<u>\$ 94,169,000</u>

6. ACTUARIAL LIABILITIES

Liabilities for life insurance policies for financial reporting purposes are generally established and maintained on either the net level premium basis or the Canadian modified basis. Liabilities for individual health insurance are determined on a two-year preliminary term basis and for group health insurance on the basis of unearned premiums plus an additional reserve.

The actuarial liabilities by life and health amount to:

	1976	1975
life		
participating - - - - -	\$319,481,000	\$ 317,500,000
non-participating - - - - -	156,762,000	156,374,000
health		
individual - - - - -	1,279,000	1,114,000
group - - - - -	505,000	505,000
	<u>\$478,027,000</u>	<u>\$ 471,393,000</u>

7. PENSION PLANS

The Company has contributory pension plans covering substantially all of its employees and branch managers and retirement benefit arrangements for its full-time agents. The total liability in all funds is made up as follows:

	1976	1975
general funds		
active employees - - - - -	\$ 13,394,000	\$ 13,394,000
retired employees - - - - -	11,786,000	11,786,000
	<u>25,180,000</u>	<u>25,180,000</u>
segregated funds		
active employees - - - - -	11,246,000	8,402,000
	<u>\$ 36,426,000</u>	<u>\$ 33,582,000</u>

The Imperial Life Staff Pension Fund provided an improved scale of benefits under a supplementary trust deed effective June 1, 1974. The resulting actuarial deficiency amounted to \$2,201,000. This amount, together with interest at 7%, is being funded over 14 years. During the year past service pension costs of \$244,000, including interest, have been charged to operations.

The Imperial Life Retirement and Death Benefit Fund (G.B.) provided an improved scale of benefits under a trust deed effective April 1, 1975. The resulting actuarial deficiency amounted to \$1,744,000. This amount, together with interest at 7%, is being funded over 14 years. During the year past service pension costs of \$203,000, including interest, have been charged to operations.

8. PREMIUM INCOME

Premium income was derived from the following lines of business:

	1976	1975
participating individual life - - - - -	\$ 42,374,000	\$ 41,982,000
participating individual annuity - - - - -	10,225,000	8,734,000
non-participating individual life - - - - -	12,270,000	11,940,000
non-participating individual annuity - - - - -	19,904,000	18,880,000
group life - - - - -	13,394,000	11,964,000
group annuity - - - - -	3,323,000	2,316,000
individual health - - - - -	1,794,000	1,794,000
group health - - - - -	13,674,000	12,664,000
segregated funds - - - - -	15,747,000	15,580,000
	<u>\$132,705,000</u>	<u>\$115,854,000</u>

9. INTEREST, DIVIDENDS AND RENTS

The investment expenses deducted from investment income are:

	1976	1975
general investment expenses - - - - -	\$ 3,501,000	\$ 3,501,000
real estate taxes - - - - -	1,104,000	986,000
depreciation - - - - -	816,000	1,030,000
	<u>\$ 5,421,000</u>	<u>\$ 5,517,000</u>

10. SHAREHOLDERS' ACCOUNT

The transfer from the participating life account to shareholders' account is \$791,000 (1975—\$787,000) or 7½% of the distributions from the participating account as limited by section 84 of the Canadian and British Insurance Companies Act.

11. ANTI-INFLATION LEGISLATION

Effective October 14, 1975 the federal government passed the Anti-Inflation Act and subsequently issued Regulations which are presently scheduled to be in force until December 31, 1978. Under this legislation the Company is subject to mandatory compliance with controls on revenues, profits, employee compensation and shareholder dividends.

Eight-Year Review (dollar amounts in thousands)

	1976	1975	1974	1973	1972	1971	1970	1969
Revenue								
Premiums - - -	\$ 132,705	\$ 110,106	\$ 98,389	\$ 91,550	\$ 81,131	\$ 76,277	\$ 62,767	\$ 59,147
Interest, dividends and rents - -	51,721	47,786	43,747	38,901	34,508	32,404	30,260	28,290
Total paid or credited to policyholders and beneficiaries excluding dividends - - -	131,844	115,328	85,430	83,797	85,455	77,249	59,569	55,707
Dividends to policyholders - -	10,069	10,061	9,556	8,990	8,813	8,414	7,539	7,285
Commissions, branch office, agency and operating expenses - - -	44,242	38,973	33,632	29,767	24,357	22,929	20,656	19,937
Dividends to shareholders - -	720	720	700	640	560	510	480	480
Total assets - - -	756,896	713,595	654,244	621,051	574,184	537,470	501,732	482,820
Life Insurance in force - - - -	6,003,198	5,557,828	4,963,307	4,286,669	3,770,815	3,306,376	3,107,109	2,757,791
Net rate of interest earned - - - -	7.57%	7.37%	7.16%	6.93%	6.66%	6.54%	6.38%	6.22%
Earnings per share -	\$4.65	\$7.34	\$4.47	\$6.01	\$5.44	\$11.43	\$2.20	\$7.49
Number of agents -	745	723	702	702	633	626	656	644
Number of employees - - -	1,254	1,253	1,228	1,155	1,096	1,116	1,142	1,163

Summary of Capital and Retained Earnings at December 31 (thousands of dollars)

	1976	1975	1974	1973	1972	1971	1970	1969
Appropriated								
Participating Account - - -	\$10,525	\$10,525	\$ 9,057	\$12,057	\$12,067	\$12,722	\$12,372	\$ 8,285
Non-Participating Account -	3,600	3,600	3,270	3,269	3,525	3,604	3,477	2,509
Shareholders								
Capital Stock - - - - -	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Retained Earnings - - -	3,057	2,754	2,454	2,204	1,951	1,635	1,342	1,109
Unappropriated								
Participating Account								
Life Retained Earnings - -	27,189	26,910	30,528	32,160	32,983	33,517	33,339	32,770
Non-Participating Account								
Life Retained Earnings - -	6,202	7,046	7,381	7,379	6,533	6,344	5,244	5,299
Health Retained Earnings -	2,013	1,263	934	992	1,273	1,254	998	748

Executive Officers

A. ROSS POYNTZ, F.C.I.A. <i>Chairman of the Board</i>		
G. KINGSLEY FOX, F.C.I.A. <i>President</i>		
PAUL DESMARAIS <i>Vice-President and Chairman of the Executive Committee of the Board</i>		
WILLIAM G. MUNRO, F.L.M.I. <i>Executive Vice-President</i>	A. ROSS MacDONALD, F.C.I.A. <i>Actuarial Vice-President</i>	DAVID M. MILLYARD, F.C.I.A. <i>Administrative Vice-President</i>
JOHN B. PURDY, C.F.A., F.L.M.I. <i>Financial Vice-President</i>	GRANT D. SYLVESTER, C.L.U. <i>Agency Vice-President</i>	
CHESTER D. BEATTY, F.C.I.A. <i>Executive Officer—Research</i>	JOHN J. BREITHAUP <i>Executive Officer—Personnel</i>	R. LEWIS DUNN, F.C.I.A. <i>Executive Officer—Group Insurance</i>
JAMES C. EMMETT, M.D. <i>Medical Director</i>	HUGH C. FARDY, C.L.U. <i>Director of Canadian Agency Operations</i>	G. JAMES HUNTER, C.L.U. <i>Director of Group Sales</i>
GORDON H. JOHNSON, F.C.A., F.L.M.I. <i>Comptroller</i>	WALLACE R. JOYCE, F.C.I.A. <i>Executive Officer—Research</i>	ANDREW S. LeMESURIER <i>General Counsel</i>
JOHN H. McMEEKIN, C.F.A., F.L.M.I. <i>Treasurer</i>	THOMAS A. MILBURN, F.C.I.A. <i>Executive Officer—Administration</i>	WILLIAM L. STANLEY, F.L.M.I. <i>Director of Marketing Services</i>
	E. HAROLD WYKES <i>Secretary and Counsel</i>	

In Great Britain

JOHN A. KEMPTON <i>Vice-President and General Manager for Great Britain</i>		
W. NICHOLAS ANDERTON, F.I.A. <i>Resident Actuary</i>	ANTHONY F. HOPPER <i>Executive Officer—Special Projects</i>	ERIC A. PERCIVAL <i>Resident Secretary and Senior Administrative Officer</i>
ROGER H. A. WAIN <i>Resident Treasurer</i>	CECIL W. WARD <i>Resident Director of Agencies</i>	

Other Officers

DONALD C. F. AKEHURST <i>Agency Administrative Officer</i>	RONALD V. BALL, F.L.M.I. <i>Assistant Agency Administrative Officer</i>	WALTER C. BARCLAY, C.L.U. <i>Assistant Advanced Marketing Officer</i>
DOUGLAS R. BELL, F.L.M.I. <i>Assistant General Counsel</i>	D. LORNE BLEECKER, F.C.I.A. <i>Associate Actuary</i>	ALAN R. BRERETON, F.C.I.A. <i>Associate Actuary</i>
WILLIAM R. BROWN, F.L.M.I. <i>Group Administrative Officer</i>	A. BRUCE BROWNE, F.L.M.I. <i>Special Services Officer</i>	J. PAUL CAIRNS, C.L.U. <i>Assistant Director of Agencies</i>
AUDREY L. CANN <i>Coordinating Officer—(U.S.)</i>	DOUGLAS C. COOKE, C.A., F.L.M.I. <i>Assistant Comptroller</i>	W. DALE COSBURN, F.C.I.A. <i>Group Actuary</i>
L. KEITH DEEPROSE, F.L.M.I. <i>Data Processing Officer</i>	W. D'ARCY DOLAN <i>Public Relations Officer</i>	DANIEL M. FLEMING, M.D., D.P.H. <i>Associate Medical Director</i>
NORMAN A. FORAN <i>Associate Director, U.S. Agencies</i>	ROBERT W. HAIG, F.L.M.I. <i>Associate General Counsel</i>	MICHAEL A. HALE, F.C.I.A. <i>Associate Actuary</i>
F. MURRAY HALL, M.D., F.R.C.P. (C) <i>Associate Medical Director</i>	WILLIAM J. HILL, F.L.M.I. <i>Administrative Systems Officer</i>	R. GARTH HUTCHINSON, F.C.I.A. <i>Systems Programming Officer</i>
HARRY K. KAY, C.L.U. <i>Assistant Director of Agencies</i>	RANDAL W. N. KENNY, C.A., F.L.M.I. <i>Associate Comptroller</i>	WAYNE R. MAXWELL, C.G.A., F.L.M.I. <i>Assistant Agency Administrative Officer</i>
BRYCE K. McBAIN, F.L.M.I. <i>Field Office Administrative Officer</i>	ALAN D. McCONNELL <i>Assistant Administrative Officer</i>	MARY T. MEGAFFIN <i>Personnel Officer</i>
JEAN-LOUIS MELANSON, C.F.A. <i>Assistant Investment Officer</i>	JOHN E. MORRISON, F.L.M.I. <i>Data Systems Officer</i>	PETER MUNK, F.C.I.A. <i>Assistant Actuary</i>
JOHN D. OGDEN, C.L.U. <i>Advanced Marketing Officer</i>	KENNETH C. RIVERS, F.C.I.S. <i>Investment Administrative Officer</i>	DONALD R. ROBERTS, F.L.M.I. <i>Data Systems Officer</i>
BRUCE G. SAUNDERS, S.R.E.A. <i>Mortgage Underwriting Officer</i>	WAYNE E. SINCLAIR, F.L.M.I. <i>Group Underwriting Officer</i>	KLAUS M. SOPORA, C.L.U., F.L.M.I. <i>Field Training Officer</i>
GLENN R. SWANICK, F.C.I.A. <i>Associate Director—Corporate Development</i>	W. ALAN TEETER, C.L.U. <i>Assistant Director of Agencies</i>	PETER M. WALTER, C.F.A., F.L.M.I. <i>Associate Treasurer</i>
JON T. WILKINS, C.L.U. <i>Superintendent of Group Sales</i>	A. MARTIN N. WILSON, C.A. <i>Associate Comptroller</i>	GEORGE C. WILSON, C.A., F.L.M.I. <i>Assistant Comptroller</i>

In Great Britain

GEORGE LAWTON <i>Superintendent of Field Training</i>		
RONALD F. AGATE <i>Assistant Administrative Officer</i>	WILLIAM A. FOOTE <i>Assistant Administrative Officer</i>	ELIZABETH F. HOGG <i>Personnel Administrative Officer</i>
ALAN J. JOHNSTON, M.I.O.M. (Dip) <i>Systems and Planning Officer</i>	WALLACE LAW, F.I.A. <i>Assistant Resident Actuary</i>	ERIC R. PATON <i>Assistant Director of Agencies</i>
DAVID G. PETERS, A.C.I.S., A.C.I.I., A.M.B.I.M. <i>Assistant Resident Secretary</i>	PETER C. N. POOLMAN, F.C.I.I. <i>Assistant Director of Agencies</i>	MICHAEL C. SPILLMAN <i>Assistant Director of Agencies</i>
JOHN G. THOM, F.S.A. <i>Assistant Resident Actuary</i>	JOHN C. WALTON <i>Investment Officer</i>	

Principal Imperial Life Offices

HEAD OFFICE

Imperial Life Building
95 St. Clair Avenue West, Toronto, Canada M4V 1N7

Branch Offices in Canada (Locations and Managers)

BARRIE, ONT.	- - - - -	R. G. Pepler	OTTAWA, ONT.	- - - - -	G. J. G. Arnold
BRANDON, MAN.	- - - - -	R. W. MacKalski	PENTICTON, B.C.	- - - - -	D. A. B. Hall, C.L.U.
CALGARY, ALTA.	- - - - -	R. D. McCorquodale, C.L.U.	QUEBEC, QUE.	- - - - -	C. S. Gourdeau, C.L.U.
CHANDLER, QUE.	- - - - -	P.-E. Levesque	REGINA, SASK.	- - - - -	R. U. Kotrla, C.L.U.
CHARLOTTETOWN, P.E.I.	- - - - -	W. H. Tomilson	RIMOUSKI, QUE.	- - - - -	L. Couture
EDMONTON, ALTA.	- - - - -	C. B. Schultz, C.L.U.	ST. CATHARINES, ONT.	- - - - -	R. A. Newton, C.L.U.
HALIFAX, N.S.	- - - - -	W. L. Charlton	ST. JOHN'S, NFLD.	- - - - -	R. K. Moores, C.L.U.
HAMILTON, ONT.	- - - - -	W. S. Lillie, C.L.U.	SASKATOON, SASK.	- - - - -	W. J. Franz, C.L.U.
KINGSTON, ONT.	- - - - -	E. W. Stewart-Normans	SHERBROOKE, QUE.	- - - - -	G. Fontaine, C.L.U.
KITCHENER, ONT.	- - - - -	H. W. Lippel	THETFORD MINES, QUE.	- - - - -	J.-G. Cyr
LEVIS, QUE.	- - - - -	M. Pineau	TORONTO, ONT.	- - - - -	J. M. Ferguson, C.L.U.
LONDON, ONT.	- - - - -	J. B. Glover, C.L.U.	TORONTO, ONT.	- - - - -	F. E. Murphy, C.L.U.
MONCTON, N.B.	- - - - -	D. B. MacKay, C.L.U.	TORONTO, ONT.	- - - - -	F. D. Palmer, C.L.U.
MONTREAL, QUE.	- - - - -	G. W. Johnson, C.L.U.	TORONTO, ONT.	- - - - -	G. A. Wilson, C.L.U.
MONTREAL, QUE.	- - - - -	I. Macaulay, C.L.U.	TROIS-RIVIERES, QUE.	- - - - -	D. L. Comtois
MONTREAL, QUE.	- - - - -	E. W. Tobin, C.L.U.	VANCOUVER, B.C.	- - - - -	J. A. C. MacIntosh, C.L.U.
MONTREAL, QUE.	- - - - -	H. Noel	VICTORIA, B.C.	- - - - -	R. H. Knowlton, C.L.U.
NORTH BAY, ONT.	- - - - -	V. A. Shelp	WINNIPEG, MAN.	- - - - -	W. H. Kamineski, C.L.U.
OSHAWA, ONT.	- - - - -	H. W. Killam, C.L.U.			

Sales Offices in Canada

BRITISH COLUMBIA, Kamloops, Prince George; SASKATCHEWAN, Prince Albert; ONTARIO, Belleville, Brantford, Brockville, Chatham, Kirkland Lake, Niagara Falls, Peterborough, Sarnia, Stratford, Sudbury, Thunder Bay, Welland, Windsor, Woodstock; NEW BRUNSWICK, Saint John; NOVA SCOTIA, Digby, Sydney; NEWFOUNDLAND, Corner Brook.

Group Insurance Offices in Canada

CALGARY, ALTA.	- - - - -	B. J. Entwistle, C.L.U.	TORONTO, ONT.	- - - - -	D. R. Eadie, C.L.U.
MONTREAL, QUE.	- - - - -	G. P. Nolin, C.L.U.	VANCOUVER, B.C.	- - - - -	D. G. Emo, C.L.U.

Also Group Insurance Sales Offices in Edmonton, Alta., Ottawa, Ont., Quebec, Que., Windsor, Ont., Winnipeg, Man.

Mortgage Offices in Canada

CALGARY, ALTA.	- - - - -	D. M. Johnston, A.A.C.I., S.R.P.A.	QUEBEC, QUE.	- - - - -	J. Castonguay
HALIFAX, N.S.	- - - - -	R. B. Sutherland	TORONTO, ONT.	- - - - -	W. A. Copeland
KITCHENER, ONT.	- - - - -	F. W. Coffin	VANCOUVER, B.C.	- - - - -	K. K. Jerome, A.A.C.I., M.A.I.
MONTREAL, QUE.	- - - - -	R. Cusson, E.A.			

Branch and Sales Offices in U.S.A.

CLEVELAND, OHIO	F. C. Roper	SAN DIEGO, CALIF.	R. F. Baxter
EAST LANSING, MICH.	L. J. Cook	SAN JOSE, CALIF.	C. C. Kuhnke
FLINT, MICH.	J. A. Vierheilg	SOUTHFIELD, MICH.	J. D. Kelly
ORANGE, CALIF.	J. C. Love, C.L.U.	WALNUT CREEK, CALIF.	R. P. Peirce
		ESCONDIDO, CALIF.	

Branch and Sales Offices in the South

KINGSTON, JAMAICA	H. S. Lazarus	PORT-OF-SPAIN, TRINIDAD	C. F. C. Rooks
NASSAU, BAHAMAS	G. A. Sweeting	SAN FERNANDO, TRINIDAD	

Regional Offices

QUEBEC REGION (MONTREAL)	E. G. Pare
SOUTHERN REGION (NASSAU)	D. Holland

Imperial Life Offices in Great Britain

CHIEF OFFICE: Imperial Life House
London Road
Guildford, Surrey GU1 1TA

Branch Offices (Locations and Managers)

ABINGDON	J. E. Barlow	LONDON	A. Csaky
BIRMINGHAM	R. E. Bennett	LONDON	A. H. Evans
BRISTOL	R. J. P. Barribal	LONDON	R. W. J. Exall
BROMLEY	C. W. M. Frampton	LONDON	G. G. Howlett
CARDIFF	B. J. Cross	LONDON	J. A. Jacobs
CROYDON	C. C. Myers	LONDON	G. H. King
ELY	D. F. Morley	LONDON	B. A. Lane
GLASGOW	C. D. H. MacLean	LONDON	D. S. Lee
HOVE	R. A. Walters	LONDON	B. Roden
KINGSTON-ON-THAMES	R. A. Knox-Johnston	LONDON	D. Schiff
LEEDS	P. A. Dodds	MANCHESTER	G. Ratcliffe
LEICESTER	M. M. Leask	NOTTINGHAM	O. S. Tame
LIVERPOOL	D. G. Kearon	PLYMOUTH	I. D. Hopkins
LONDON	C. H. H. Barnett	SOUTHAMPTON	J. F. Wilson
LONDON	P. N. Crookenden	WEMBLEY	C. Burman

Group Insurance Office

LONDON	P. J. West
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The Annual Meeting of the Company is held at 2.30 p.m. on the third Wednesday in March. Each person who has contracted for and holds a participating policy may attend and vote in person or by proxy at meetings of the Company. Proxy forms may be obtained on written request to the Secretary.

